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COSTS and RETURNS



Commercial
Cotton
Farms

1965

FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1965 costs and returns studies have been conducted on the following:

Dairy Farms, Northeast and Midwest
 Corn Belt Farms
 Egg-Producing Farms, New Jersey
 Broiler Farms, Maine, Delmarva, and Georgia
 Cotton Farms
 Tobacco Farms, Coastal Plain, North Carolina
 Tobacco-Livestock Farms, Bluegrass Area, Kentucky
 Wheat Farms, Plains and Pacific Northwest
 Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1965 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised 1965.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

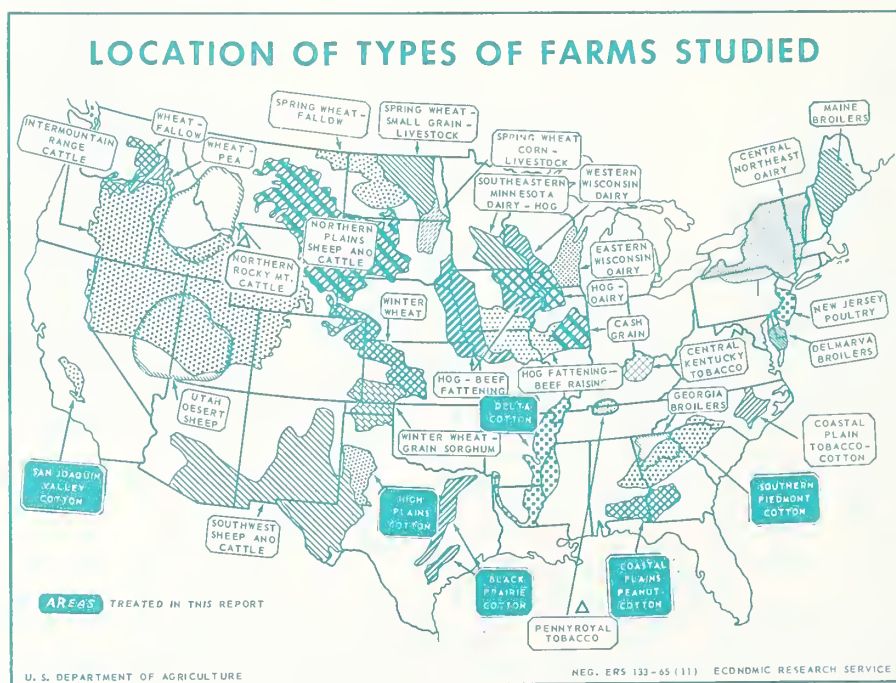


Figure 1

COSTS AND RETURNS

COMMERCIAL COTTON FARMS, 1965

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INTRODUCTION

In 1965, net farm incomes on typical cotton farms in the United States were at levels ranging from 10 percent below to almost 90 percent above their averages of the last 10 years. On 5 of the 10 cotton-type farms (fig. 1) for which costs and returns are analyzed in this report, net farm incomes were lower than in 1964 and on the other 5 farms they were higher. The average net farm incomes in 1964 and 1965 on these typical farms in 6 important cotton-producing regions were as follows:

	<u>1964</u>	<u>1965</u>	<u>Percentage change</u>
Cotton farms:			
Southern Piedmont.....	\$3,116	\$2,826	-9
Mississippi Delta:			
Small.....	2,472	2,374	-4
Large-scale	35,811	29,563	-17
Texas:			
Black Prairie	4,785	5,071	6
High Plains (nonirrigated)	1,877	9,857	425
High Plains (irrigated)	13,034	17,679	36
San Joaquin Valley, California, irrigated:			
Cotton-general crop, medium-sized.....	33,419	26,910	-19
Cotton-general crop, large.	100,141	75,920	-24
Cotton-specialty crop	68,006	83,655	23
Peanut-cotton farms, Southern Coastal Plains....	5,525	6,583	19

On peanut-cotton farms in the Southern Coastal Plains the \$6,583 income was the highest on record. However, the increase in income in 1965 over 1964 on these farms came mainly from sales of peanuts and livestock. Receipts from sales of cotton were about \$120 less than in 1964. On cotton-specialty farms in the San Joaquin Valley the income in 1965 of \$83,655 was the highest since 1956. Most of the increase in income in 1965 over 1964 came from the potato crop. Receipts from sales of cotton on these farms averaged \$2,700 less than in 1964.

The relatively great increase in average income in 1965 over 1964 on nonirrigated cotton farms on the High Plains of Texas is explainable largely by the severe drought and the consequent very low incomes on these farms in 1964. Actually, the 1965 net farm income on these dryland farms was lower than the incomes of 1961 and 1963. The 1965 income on

Texas High Plains irrigated farms likewise is high in comparison with the average income on these farms in 1964, but only slightly higher than the income of 1962 or of 1963, and much lower than the income realized in 1961. On the irrigated farms, yields of irrigated cotton and sorghum were reduced moderately while yields of dryland cotton and sorghum were reduced sharply by the drought in 1964. Yields in 1965 on these farms may have been depressed somewhat by residual effects of this drought.

Of the five types of farms that had higher net incomes in 1965 than in 1964, three obtained a large part of the increase from sales of larger crops of cotton. On the other two types, cotton production was less than in 1964 but net income was increased in one case mainly from larger receipts for peanuts and in the other case from larger receipts for potatoes.

All of the five types of farms that had smaller net farm incomes in 1965 than in 1964 had smaller gross receipts from cotton. On these 5 types of farms, acreages of cotton were less than, or the same as, in 1964. Yields of cotton also were lower on three of these farm types. On the other two, cotton yields were higher in 1965 but not by enough to offset the smaller acreages. Prices received by farmers for cotton lint in 1965 were equal to or slightly lower than in 1964.

Total value of farm capital per farm increased during the year on all farm types. These increases were generally the result of larger investment in mechanical power and equipment, higher prices per acre of land, and some increase in acreage per farm. Total cash expenditures were larger in 1965 than in 1964 on all except one of the farm

types. Total hours of labor were reduced on 6 and production per hour of labor went up on 7 of the 10 farm types.

On 6 of the 10 cotton-type farms discussed in this report, Government payments received for participation in the cotton program were larger in 1965 than in 1964. The average payment earned was smaller on Texas High Plains irrigated farms because of reduced participation among these farms in the cotton program. No payments under the cotton program were estimated for the three San Joaquin Valley cotton-type farms in either 1964 or 1965, because available data indicated very small participation by these sizes of cotton farms in that area.

In addition to price support payments for cotton, Government payments could be earned for participation in the Agricultural Conservation Program, the Feed Grain Program, and the Wheat Program. Total Government payments per farm from all sources were larger in 1965 than in 1964 on all 10 cotton-type farms.

Total acreage of cotton planted in skip-row patterns in all States increased 28 percent from 1964 to 1965. The extent of this practice varied greatly by regions, being generally small in the Southeast and large in the Southwest. For example, the percentage skip-rowed of total cotton acreage in 1965 was about 2 percent in South Carolina, 10 percent in Alabama, 28 percent in Mississippi, 33 percent in Texas, 53 percent in Arizona, and 38 percent in California. Nationally, about 23 percent of the entire cotton acreage was skip-rowed. Skip-rowing has been advantageous from the standpoint of yield and participation in the Government cotton program.

SPECIALIZED COTTON AREAS

Cotton Farms, Southern Piedmont

Incomes on cotton farms in the Southern Piedmont were lower in 1965 than in 1964 or 1963. The average net farm income of \$2,826 per farm in 1965 was 9 percent less than that of 1964 (table 1). Cash receipts from products sold were down by 3 percent while cash expenses were up by 2 percent.

The decline in total cash receipts was the result of smaller returns from sales of cotton, corn, wheat, and oats. Acreages of all of these crops were smaller than in 1964. Average yields also were somewhat lower for cotton and oats. Prices received were slightly lower than in 1964 for cotton lint, cottonseed, corn, and wheat. The small acreage of soybeans for beans was larger and yields were higher than in 1964, but this crop accounted for only 4 percent of the total value of all crops sold from these farms.

Even though total land per farm has increased about 35 percent since 1955, the total acreage of cropland harvested per farm has increased relatively little. There has been an upward trend in acreage of idle cropland and in cropland used only for pasture. The acreage of corn has been declining for about 15 years and the acreage of oats has declined in 3 of the last 4 years. The acreage of cotton per farm has averaged around 26 or 27 acres since 1961. Some of the idle cropland is accounted for by the conservation reserve and other Government farm programs. Payments received for participation in Government programs in 1965 totaled about \$400 per farm.

Mechanization has increased on these farms and has continued to

reduce total labor used. Total hours of labor were reduced about 7 percent from 1964 to 1965. Value of total farm capital increased 12 percent. Most of this increase was a reflection of the increase in value of land. Although crop yields and net farm production were not as high as in 1964, they were far above the 1957-59 averages (table 1). Production per man hour of labor in 1965 was 3 percent greater than in 1964.

Nearly 90 percent of cash expenditures on these farms are for hired labor, machinery operation, fertilizer, machinery purchases, pesticides, cotton ginning, seed and contract work. Expenditures in 1965 for hired labor and for fertilizer were a little less than in 1964; expenses for machinery operation, machinery purchases, and pesticides were larger. Outlays for ginning, seed, and contract work were about the same as in 1964.

Small Cotton Farms, Mississippi Delta

Incomes in 1965 on small cotton farms in the Mississippi Delta were lower than in 1964 (table 2). Total cash receipts were down about 1 percent while cash expenses were up about 2 percent. Net farm income, averaging \$2,374 per farm, was 4 percent less than in 1964 and 12 percent less than in 1963. However, the 1965 income was higher than that of other years since 1959.

Sales of crops accounted for 84 percent of the total cash receipts in 1965. Three-fourths of the crop income was from cotton and about one-fourth was from soybeans. The cotton crop was smaller in 1965 than in 1964 because of lower average

Table 1.--Organization, production, costs and returns, cotton and peanut-cotton farms, Southeast, 1964 and 1965

Item	Unit	Cotton farms, Southern Piedmont		Peanut-cotton farms, Southern Coastal Plains	
		1964	1965 <u>1/</u>	1964	1965 <u>1/</u>
Cash receipts.....	Dollar	6,632	6,445	9,794	11,281
Cash expenditures.....	do.	4,296	4,380	4,870	5,120
Net cash income.....	do.	2,336	2,065	4,924	6,161
Net value of perquisites.....	do.	693	705	495	482
Net change in inventory.....	do.	87	56	106	-60
Net farm income.....	do.	3,116	2,826	5,525	6,583
Total farm capital, Jan. 1.....	do.	32,750	36,550	25,240	29,240
Total labor used.....	Hour	4,920	4,600	3,660	3,540
Land in farm.....	Acre	240	247	190	195
Cropland harvested.....	do.	65	61	70	71
Crops harvested:					
Cotton.....	do.	27	26	16	16
Peanuts.....	do.	---	---	24	25
Corn.....	do.	11	10	<u>2/29</u>	<u>2/29</u>
Oats.....	do.	8	6	---	---
Wheat.....	do.	8	6	---	---
Crop yields per harvested acre:					
Cotton.....	Pound	453	450	539	520
Peanuts.....	do.	---	---	1,569	1,689
Corn.....	Bushel	42	43	43	52
Oats.....	do.	45	43	---	---
Wheat.....	do.	29	29	---	---
Prices received:					
Cotton, per pound.....	Dollar	.310	.300	.289	.289
Cottonseed, per ton.....	do.	45.96	44.63	42.10	43.98
Peanuts, per pound.....	do.	---	---	.109	.111
Corn, per bushel.....	do.	1.26	1.24	1.25	1.23
Oats, per bushel.....	do.	.77	.78	---	---
Wheat, per bushel.....	do.	1.47	1.43	---	---
Index numbers (1957-59=100):					
Crop yields per acre.....	---	132	131	148	159
Net farm production.....	---	140	135	179	191
Production per hour of man labor.....	---	133	137	170	187
Production per unit of input..	---	123	121	129	132
Prices received for products sold.....	---	95	94	98	104
Prices paid, including wages to hired labor.....	---	<u>3/110</u>	<u>3/114</u>	99	101

1/ Preliminary. 2/ Includes corn hogged off. 3/ Includes cropper labor.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Table 2.--Organization, production, costs and returns,
cotton farms, Mississippi Delta, 1964 and 1965

Item	Unit	Small		Large-scale	
		1964	1965 <u>1/</u>	1964	1965 <u>1/</u>
Cash receipts.....	Dollar	4,903	4,870	79,475	73,499
Cash expenditures.....	do.	2,972	3,020	45,914	45,227
Net cash income.....	do.	1,931	1,850	33,561	28,272
Net value of perquisites.....	do.	502	487	1,235	1,227
Net change in inventory.....	do.	39	37	1,015	64
Net farm income.....	do.	2,472	2,374	35,811	29,563
Total farm capital, Jan. 1.....	do.	17,250	18,780	286,630	319,880
Total labor used.....	Hour	2,730	2,580	25,190	23,390
Land in farm.....	Acre	60	61	1,000	1,000
Cropland harvested.....	do.	38	39	627	636
Crops harvested:					
Cotton.....	do.	16	16	240	235
Soybeans.....	do.	17	19	294	322
Corn.....	do.	3	2	12	11
Oats.....	do.	---	---	13	11
Wheat.....	do.	1	1	45	38
Crop yields per harvested acre:					
Cotton.....	Pound	613	582	687	625
Soybeans.....	Bushel	20	22	21	24
Corn.....	do.	25	33	37	48
Oats.....	do.	---	---	52	45
Wheat.....	do.	25	23	31	28
Prices received:					
Cotton, per pound.....	Dollar	.309	.296	.308	.293
Cottonseed, per ton.....	do.	47.46	47.38	48.34	47.94
Soybeans, per bushel.....	do.	2.55	2.35	2.58	2.36
Corn, per bushel.....	do.	---	---	1.25	1.27
Oats, per bushel.....	do.	---	---	.69	.70
Wheat, per bushel.....	do.	1.37	1.29	1.33	1.29
Index numbers (1957-59=100):					
Crop yields per acre.....	---	125	123	123	117
Net farm production.....	---	132	129	133	126
Production per hour of man labor.....	---	156	161	187	189
Production per unit of input..	---	123	121	131	127
Prices received for products sold.....	---	99	97	99	97
Prices paid, including wages to hired labor.....	---	105	107	<u>2/106</u>	<u>2/110</u>

1/ Preliminary. 2/ Includes cropper labor.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

yields per acre. Prices received for cotton were also slightly lower. Soybean production was larger than in 1964 as a result of higher yields and a small increase in acreage. The increase in cash receipts from soybeans, however, was not enough to offset the decrease in returns from cotton. Sales of livestock and livestock products contributed only 8 percent of the total cash receipts. Somewhat less than 8 percent came from payments for participation in Government programs.

The major categories of cash expense on these farms in 1965 were machinery operation, machinery purchases, hired labor, contract work, and cotton ginning. Expenditures for items in these five groups amounted to 73 percent of the total in 1965. The relative amounts spent in each of the groups changed very little from the previous year. Prices paid per unit for items used in production were 2 percent higher than in 1964.

The index of production per unit of input was a little lower in 1965 than in 1964, a reflection mainly of the lower yields of cotton. Production per man hour of labor was higher than in 1964, reflecting a reduction in family and operator labor as well as in hired labor. The average value of total farm capital increased almost 9 percent during 1965.

Large-Scale Cotton Farms, Mississippi Delta

Net farm incomes on large-scale cotton farms in the Mississippi Delta were lower in 1965 than in any other year since 1960. Total cash receipts were nearly 8 percent less than in 1964 and total cash expenses were between 1 and 2 percent less. Average net farm

income, at \$29,563 per farm, was down 17 percent from the preceding year (table 2).

Sales of crops account for around 94 percent of the total cash receipts on these farms. In 1965, 71 percent of total crop sales were from cotton and 26 percent from soybeans. The share contributed by cotton in 1965 was 5 to 7 percent less, and the part contributed by soybeans was about 5 percent more than usual. The acreage of cotton on these farms has been reduced about 32 acres per farm in the period since 1962; the acreage of soybeans for beans has been increased about 50 acres per farm in the same period. Acreage of corn has declined consistently since 1950 and oat acreage has dropped sharply since 1957. In recent years there has been an increase in acreage of wheat, but wheat is a minor crop on these farms.

Most of the proceeds from livestock come from sales of beef cattle, a minor enterprise on these farms. Hog production is a very minor enterprise. The average number of all cattle and calves per farm on January 1 reached a high of 88 in 1957, dropped back to 71 in 1959, and then climbed to 82 in 1965.

Receipts from sales of cotton lint and cottonseed in 1965 were smaller than in 1964 because of less acreage, lower yields, and lower prices. Gross receipts from the cotton crop were down \$8,633 per farm. Receipts from wheat and oats were down a total of \$643, mainly because of smaller crops. On the other hand, receipts from soybeans were \$2,164 larger than in 1964. Soybean production was 25 percent greater than in 1964, as a result of more acres and higher yields. Soybean prices, however, were lower than in 1964. Payments received for participation in

Government programs amounted to less than 1 percent of total cash receipts in both 1965 and 1964.

The principal cash expenses on these large cotton farms are for hired labor, machinery operation, machinery purchases, ginning, fertilizer, and pesticides. The amounts spent on these groups of inputs ranged from an average of nearly \$12,000 per farm for hired labor to approximately \$2,600 per farm for pesticides. Other groups of items that averaged around \$1,800 to \$1,500 per farm were taxes, contract work, and purchased seed. The rank in order of size of these groups was the same in 1965 as in 1964. But the total amounts (or costs) increased for pesticides, contract work, and taxes. Total expenditures were somewhat smaller in 1965 than in 1964 for hired labor, fertilizer, machinery, ginning, and seed.

The index of production per unit of input was slightly lower in 1965 than in 1964, reflecting mainly the smaller production of cotton. Production per hour of man labor was slightly higher than in 1964. Total farm capital per farm increased nearly 12 percent.

Cotton Farms, Black Prairie, Texas

In 1965, net farm incomes on cotton farms in the Black Prairie of Texas averaged \$5,071 per farm (table 3). This is 6 percent more than in 1964, but 4 percent less than in 1963. Total cash expenses as well as total cash receipts were nearly 8 percent larger than in 1964.

The increase in cash receipts from 1964 to 1965 came mainly from larger sales of cotton and livestock. Production of cotton in 1965 exceeded the levels of 1964 as a result

of higher yields and a slightly larger acreage per farm. The total volume of grain sold (sorghum, corn, and oats) was a little less than in 1964, reflecting the smaller crops of corn and oats. Acreages of grain sorghum and oats have been increasing on these farms during the last 10 years while the acreage of corn has declined. In 1965, yields per acre of corn and oats were lower than in 1964 while the yield of grain sorghum averaged the same as in 1964. But the higher yield of cotton more than offset these and the overall index of crop yields increased.

Sales of cotton lint and seed accounted for 57 percent of total cash receipts in 1965. Sales of other crops made up 27 percent and livestock sales (principally beef cattle) brought in 10 percent. Payments for participation in Government farm programs amounted to about 5 percent.

The major categories of cash expense on these farms are machinery operation, machinery purchases, cotton ginning, contract work, and fertilizer. The total expenditure in each of these categories (ranging from around \$1,500 for machinery operation to \$500 for fertilizer) was larger in 1965 than in 1964. These major items combined accounted for 72 percent of total cash expenses.

Total acreage of land per farm increased nearly 5 percent and cropland nearly 4 percent from 1964 to 1965. Value of total farm capital increased 4 percent. Production per unit of input averaged the same level as in 1963 and 1964.

Nonirrigated Cotton Farms, High Plains, Texas

On nonirrigated cotton farms in the High Plains of Texas, total cash receipts were more than twice as

Table 3.--Organization, production, costs and returns, cotton farms, Texas,
1964 and 1965

Item	Unit	High Plains				Black Prairie	
		Nonirrigated		Irrigated			
		1964	1965 <u>1/</u>	1964	1965 <u>1/</u>	1964	1965 <u>1/</u>
Cash receipts.....	Dollar	8,622	18,764	29,093	34,443	9,768	10,499
Cash expenditures.....	do.	7,033	9,878	17,040	18,025	5,762	6,206
Net cash income.....	do.	1,589	8,886	12,053	16,418	4,006	4,293
Net value of perquisites.....	do.	643	642	826	843	606	607
Net change in inventory.....	do.	-355	329	155	418	173	171
Net farm income.....	do.	1,877	9,857	13,034	17,679	4,785	5,071
Total farm capital, Jan. 1....	do.	94,190	94,900	151,540	156,260	62,190	64,590
Total labor used.....	Hour	3,070	4,050	5,610	5,680	2,830	2,920
Land in farm.....	Acre	550	574	455	473	300	314
Cropland harvested.....	do.	246	332	276	304	166	170
Crops harvested:							
Cotton: Nonirrigated.....	do.	155	183	31	38	81	82
Irrigated.....	do.	---	---	134	137	---	---
Grain sorghum: Nonirrigated:	do.	87	142	55	76	28	33
Irrigated....	do.	---	---	53	51	---	---
Corn.....	do.	---	---	---	---	20	16
Oats.....	do.	---	---	---	---	18	19
Crop yields per harvested acre:							
Cotton: Nonirrigated.....	Pound	120	250	120	250	218	236
Irrigated.....	do.	---	---	520	580	---	---
Grain sorghum: Nonirrigated:	Cwt.	5	10	5	10	26	26
Irrigated....	do.	---	---	35	40	---	---
Corn.....	Bushel	---	---	---	---	32	30
Oats.....	do.	---	---	---	---	35	26
Prices received:							
Cotton, per pound.....	Dollar	.277	.266	.277	.266	.277	.274
Cottonseed, per ton.....	do.	47.86	47.34	47.86	47.34	44.52	46.42
Grain sorghum, per cwt.....	do.	1.87	1.72	1.87	1.72	1.87	1.72
Corn, per bushel.....	do.	---	---	---	---	1.26	1.25
Cattle, per cwt.....	do.	16.75	19.20	16.75	19.20	16.75	19.20
Index numbers (1957-59=100):							
Crop yields per acre.....	---	49	100	93	112	118	120
Net farm production.....	---	53	127	109	132	149	156
Production per hour of man labor.....	---	77	138	117	141	172	174
Production per unit of input:	---	54	107	96	112	119	119
Prices received for products sold.....	---	95	93	97	94	99	100
Prices paid, including wages to hired labor.....	---	109	110	108	109	106	108

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

large in 1965 as in 1964 (table 3). However, receipts in 1965 were not as large as those in 1963 or 1961. The main reason for the very favorable showing of 1965 in comparison with 1964 was that 1964 was a severe drought year, with yields of cotton and sorghum only half of their 1957-59 averages. The index of crop yields in 1965 was equal to the 1957-59 average.

Total cash expenditures on these farms in 1965 were 40 percent greater than in 1964, and exceeded those of any other year of record. Most of the difference in cash expenses between 1965 and 1964 was accounted for by the increased volume of crops harvested. Total cotton production per farm in 1965 was two and one-half times that of 1964, while grain sorghum production was three times as large. The major items of cash expense were (in order of amounts) machinery operation, machinery purchases, hired labor, and cotton ginning. Expenditures for each of these items were greater in 1965 than in 1964 and their rank in size was not changed.

The average size of farm (total land) increased nearly 5 percent from 1964 to 1965 and total cropland per farm increased nearly 4 percent. The acreage of cotton harvested was larger than in 1964 by 18 percent and the acreage of grain sorghum by 62 percent. Net farm production was more than double the 1964 level. Net farm income in 1965 was about five times that of drought-stricken 1964, but it was less than the incomes of 1963 and 1961.

Sales of cotton (lint and seed) accounted for 74 percent of total cash receipts in 1965, sales of grain sorghum brought in 13 percent, and

payments through Government programs, about 11 percent of the cash receipts.

Irrigated Cotton Farms, High Plains, Texas

Total cash receipts on irrigated cotton farms on the High Plains of Texas were only slightly larger in 1965 than in 1962 or 1963 and were only about one-fifth larger than in 1964. The drought of 1964 had relatively little effect on these farms compared with its effects on the nonirrigated farms. The index of crop yields was 112 in 1965 compared with 93 in 1964 and 100 in 1957-59 (table 3).

The principal crops grown on these farms are cotton and grain sorghum. About 78 percent of the cotton acreage and 37 percent of the grain sorghum acreage has been irrigated in recent years. The dry weather in 1964 sharply reduced yields of fields that were not irrigated. On fields where irrigation was available, however, water was applied in relatively large quantities and yields were maintained fairly well but were not as high as in 1963 or 1961. With improved moisture conditions in 1965, average yields of both irrigated and dryland cotton and sorghum were up substantially from 1964.

Cash expenses in 1965 were about 6 percent higher than in 1964. The major items were cotton ginning, irrigation, machinery operation, hired labor, machinery purchases, and fertilizer--in declining order of size, from about \$3,370 to \$1,040. Expenses in each of these groups of items were larger in 1965 than in 1964. In the drought year of 1964, expenditures for irrigation (mainly power for pumping water, and facilities for pumping and distribution)

headed the list, followed by machinery operation and cotton ginning.

The average size of farm (total land) and total cropland per farm increased about 4 percent from 1964 to 1965. Larger acreages of cotton and sorghum harvested, as well as higher yields, contributed to the larger total receipts from crops sold in 1965. Prices received averaged about 3 percent lower than in 1964. Sales of cotton lint and seed accounted for 78 percent, sales of grain sorghum for about 14 percent, and payments for participation in Government programs for about 7 percent of the total cash receipts in 1965. Net farm income per farm was approximately one-third larger than in 1964.

Medium-Sized and Large Cotton-General Crop Farms, San Joaquin Valley, California

Net farm incomes on medium-sized and large cotton-general crop farms in the San Joaquin Valley of California were lower in 1965 than in 1964. They were lower by 19 percent on the medium-sized farms and by 24 percent on the large farms (table 4). The lower net farm incomes resulted mainly from reduced acreages of cotton and lower yields of alfalfa hay and barley. Prices received for these crops, except barley, were lower than in 1964. The index of prices received for all products sold was about 4 percent lower than in 1964.

The index of prices paid in 1965 for items used in production was about 3 percent higher than in 1964. Higher prices were paid for tractors, machinery, power fuel, nitrogen fertilizers, and seed. Wage rates and taxes also were higher.

Yields per acre of cotton were about the same as in 1964, while yields of alfalfa hay and barley were down 5 percent and 19 percent, respectively. Yields of corn were 18 percent higher than in 1964, but corn accounts for only a very small percentage of total crop sales. Acreages of barley were larger than in 1964 but acreages of cotton were smaller. The acreage of alfalfa was smaller also on the large farms.

The total acreage of land in these farms was a little larger in 1965 than in 1964, and the acreage of cropland harvested increased along with the size of farm.

Cash receipts in 1965 amounted to \$75,860 per farm on the medium-sized cotton-general crop farms. Of this total, sales of cotton lint and seed accounted for 70 percent; sales of alfalfa hay, for 21 percent. Cash expenditures amounted to \$50,337, or 66 percent of cash receipts. The major cash outlays were for hired labor, irrigation, machinery purchases, machinery operation, and cotton ginning. These five items accounted for 62 percent of cash expenditures. The net cash farm income per farm was \$25,523.

On the large cotton-general crop farms, cash receipts averaged \$233,533 per farm. Sales of cotton lint and cottonseed accounted for 73 percent and alfalfa hay for about 16 percent. Cash expenditures on these farms averaged \$159,831, or 68 percent of cash receipts. The major items of cash expense were hired labor, irrigation, machinery operation, cotton ginning, and machinery purchases. These five items accounted for 63 percent of the total. Net cash income on these farms averaged \$73,702 per farm.

Table 4.--Organization, production, costs and returns, cotton farms,
San Joaquin Valley, California (irrigated), 1964 and 1965

Item	Unit	Cotton-general crop				Cotton-specialty crop	
		Medium-sized		Large			
		1964	1965 <u>1/</u>	1964	1965 <u>1/</u>	1964	1965 <u>1/</u>
Cash receipts.....	Dollar	80,733	75,860	253,785	233,533	148,331	174,051
Cash expenditures.....	do.	48,786	50,337	156,348	159,831	81,615	91,687
Net cash income.....	do.	31,947	25,523	97,437	73,702	66,716	82,364
Net value of perquisites..	do.	689	695	1,023	1,032	678	683
Net change in inventory...	do.	783	692	1,681	1,186	612	608
Net farm income.....	do.	33,419	26,910	100,141	75,920	68,006	83,655
Total farm capital, Jan. 1	do.	304,790	315,570	1,045,430	1,082,460	307,270	318,020
Total labor used.....	Hour	9,790	9,770	29,540	29,000	12,530	12,550
Land in farm.....	Acre	357	362	1,305	1,325	357	362
Cropland harvested.....	do.	321	326	1,037	1,053	321	326
Crops harvested:							
Cotton.....	do.	130	127	423	411	120	114
Potatoes.....	do.	---	---	---	---	62	77
Alfalfa.....	do.	115	118	298	284	78	69
Barley.....	do.	41	45	294	332	61	66
Crop yields per harvested acre:							
Cotton.....	Pound	1,079	1,085	1,079	1,085	1,079	1,085
Potatoes.....	Cwt.	---	---	---	---	365	315
Alfalfa.....	Ton	5.7	5.4	5.7	5.4	5.7	5.4
Barley.....	Bushel	67	54	67	54	67	54
Prices received:							
Cotton, per pound.....	Dollar	.361	.345	.361	.345	.361	.345
Cottonseed, per ton.....	do.	48.40	47.00	48.40	47.00	48.40	47.00
Potatoes, per cwt.....	do.	---	---	---	---	3.52	4.66
Alfalfa, per ton.....	do.	27.04	24.88	27.04	24.88	27.04	24.88
Barley, per bushel.....	do.	1.12	1.15	1.12	1.15	1.12	1.15
Index numbers (1957-59=100):							
Crop yields per acre....	---	107	105	108	105	115	106
Net farm production.....	---	107	106	109	104	106	104
Production per hour of man labor.....	---	108	107	107	105	108	105
Production per unit of input.....	---	99	97	98	94	103	93
Prices received for products sold.....	---	111	106	110	106	138	163
Prices paid, including wages to hired labor.....	---	108	111	108	111	114	116

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Cotton-Specialty Crop Farms, San Joaquin Valley, California

In 1965, net farm incomes on cotton-specialty crop farms in the San Joaquin Valley of California were 23 percent higher than in 1964 (table 4). Cash receipts increased 17 percent, while cash expenditures increased 12 percent. The principal factors contributing to the relatively high farm incomes were good yields of cotton, large acreages of potatoes, and relatively high prices received for potatoes.

The index of crop yields per acre in 1965 was 106 percent of the 1957-59 average, but this was lower than in 1964 and 1963. Yields per acre of alfalfa hay and barley were down 5 percent and 19 percent, respectively, from 1964. Yields of cotton slightly exceeded the high yields of 1964, but potato yields were down 14 percent. Potato yields averaged lower than in any year since 1958.

The index of prices received for products sold in 1965 was 18 percent higher than in 1964, reflecting the highest price for potatoes in more than a decade and a slight increase over 1964 in the price of barley. Prices received for cotton lint were 4 percent lower and for alfalfa hay 8 percent lower than in 1964, but prices received for potatoes averaged 32 percent higher. The index of prices paid for items used in production was 2 percent higher than in 1964, reflecting higher wage rates and generally higher prices paid for tractors, machinery, nitrogen fertilizers, and seed. Taxes also were higher in 1965.

Cash receipts in 1965 amounted to \$174,051 per farm. Sales of cotton lint and cottonseed accounted for 27 percent, sales of potatoes for

65 percent, and sales of alfalfa hay and barley for about 8 percent of the total. Cash expenditures amounted to \$91,687, or about 53 percent of cash receipts. The major expenditures were for hired machine work, seed, hired labor, irrigation, and machinery purchased. These five items accounted for 70 percent of total cash expenditures. Net farm income in 1965 averaged \$83,655.

Peanut-Cotton Farms, Southern Coastal Plains

Net farm incomes on peanut-cotton farms averaged \$6,583 per farm in 1965, about 19 percent more than in 1964, and above any other year on record (table 1). Average gross farm income increased about 14 percent from 1964 to 1965, or from \$10,300 to nearly \$11,800. Total operating expenses increased 8 percent.

Net farm production was nearly 7 percent greater than in 1964. Cotton yields were lower but yields of peanuts and corn were a record high. Total cropland harvested was slightly more than in 1964 but was less than in any other year since 1960.

The index of prices received for commodities sold increased 6 percent from 1964 to 1965. Peanut prices averaged about 2 percent higher but cotton prices were about the same as in 1964. Prices of cattle and hogs were higher by 5 percent and 33 percent, respectively. Sales of these livestock accounted for 21 percent of total sales. Receipts from Government agricultural programs were up about \$160 per farm.

Cash expenditures in 1965 were 5 percent larger than in 1964. The

major expense items were machinery operation, fertilizer, machinery purchases, seed, hired labor, pesticides, and machine work hired. Outlays for all of these items except hired labor were larger than in 1964. The relatively largest increases occurred for pesticides and for machinery hired. Expenditures for hired labor were 4 percent less than in 1964 and 14 percent less than in 1963. Reduced production of cot-

ton, increased use of chemicals for weed control, and greater use of mechanical power reduced the requirements for labor.

Production per man hour increased 10 percent from 1964 to 1965, reflecting the upward trend in mechanization and machine work hired, and increased net farm production. The total value of farm capital increased 16 percent.

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